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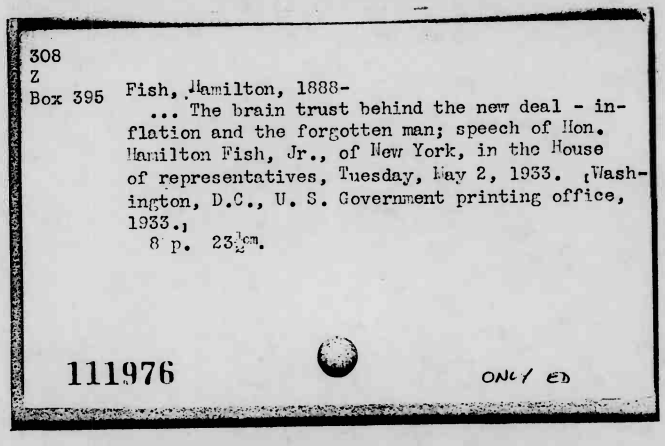

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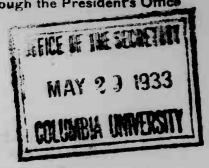

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THE BRAIN TRUST BEHIND THE NEW DEAL—INFLATION AND THE FORGOTTEN MAN

SPEECH

OF

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1933

Mr. FISH. Mr. Speaker, I am opposed to inflation as a general policy, but if we are going to have inflation, I agree with the gentleman from Texas who has just spoken that the most immediate and effective kind of inflation and the most workable and the easiest would be to pay the soldiers' bonus right away. [Applause.]

I propose to consume my time today by reading my remarks, so there will be no mistake as to their exact meaning, and to place in the CONGRESSIONAL RECORD the record of some of the instigators and expounders of this combination farm and inflation bill.

Now that the three distinguished guests of the Democratic Party have departed these shores, we can again discuss such domestic issues as inflation and farm relief without interfering with seating arrangements at the White House or diplomatic conversations over war debts, embargoes, consultative pacts, increased foreign importations based on depreciated currencies to further increase American unemployment, and the St. Lawrence Ship Canal, aimed to divert trade and traffic away from the port of New York.

Senator THOMAS' inflation amendment to the farm bill is the most amazing, daring, and dangerous piece of legislation offered to the American people. Whence does it emanate? Who claims its paternity? The best sources of information attribute it to those tried and experienced financiers—Professors Moley and Tugwell, Mordecai Ezekiel, and possibly Bullitt, who appears to be sitting in on the international conferences. Upon their advice the whole financial fabric of our Government is to be overturned—our traditional policy discarded, our currency debased.

Has any financier been consulted, or given this approval? It is difficult to realize that the Democratic Party as soon

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as it gains full control of the Government should subject the country to the dangerous fallacies of greenbackism, fiat money and populistic socialism, and the free-silver doctrines of William Jennings Bryan. Would that the President and Congress had the courage and the wisdom of Grover Cleveland.

Within 2 months of the beginning of the Democratic administration the promise in their platform to give the country a sound currency has been flouted and a debased currency is substituted. Is this a part of the "new deal"?

What the "new deal" promised the people of the United States was as vague and theoretical when the slogan was first coined for the American voters as is some of the legislation, such as the farm bill, now offered as a part of the "new deal." Congress must be deaf, dumb, and blind, as the avowed Communist, George Bernard Shaw, said of all Americans, when it enacts the complicated bills that are coming through the White House from the hands of the "brain trust" composed mostly of Columbia University theoretical and socialistic professors.

The farm bill, which the President recommended as a noble "experiment" was explained to Congress by Prof. Mordecai Ezekiel, of the Wallace-Tugwell agricultural department, formerly the United States Department of Agriculture, as follows:

> The price for each month may be conceived as represented by a small black ball suspended above the line for its own date at the height of the average price for that month, and as far over from the right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy as they were thus suspended through space and time.

How simple! If prices do not perform according to the chart, the consumer can be blackballed.

Certain this explanation is so simple that anyone should comprehend it, but fearing that it ought to be further elucidated, Senator HUEY LONG insisted on reading another section of Professor Ezekiel's plan, which dealt with "factor's X from the first to the tenth power", with a "regression equation" showing as fine an assortment of logarithms as a hog raiser ever looked at. In further explanation, the clerk continued the reading, as follows:

> The value of the constant (k) in this equation varies according to the units in which the different variables are expressed. The variable X (10) represents the price index, so moving the regression value for that variable to the left of the equality sign gives the regression equation for the prices deflated according to the observed relation.

Now, of course, every farmer and business man can understand this explanation of the farm bill. If Professor Einstein had given such an explanation of the bill to the Congress no one would have been surprised and the matter could have been overlooked, for only he claims the honor of being familiar with relativity. But when our own Department of Agriculture expert digs down into the rich soil and plucks from it the X's, Z's, and what not, the American farmer cannot be expected to understand such fine distinctions. When we dissect this bill, from an American standpoint, its socialistic proposals can be plainly seen and if enacted will plague us for years to come.

Where did the "new deal" idea come from? Could it be that this masterpiece of Russian idealogy is the handout of the President's "cap-and-gown" advisers, or college professors hailing mostly from Columbia University? Or is it possible that the "new deal" was borrowed from the Socialist book, A New Deal, from which apparently a large part of the proposed legislative program has been taken?

As Al Smith often says, "let's look at the record." Let us see what the record discloses about the instigators and expounders of the farm bill and inflation. Let us get acquainted with the past affiliations of each member of this "brain trust"—Prof. Rexford Guy Tugwell, Prof. Raymond Moley, Mordecai Ezekiel, and William C. Bullitt. We will have to pass up Secretary Perkins at this time, as her pet measure to control the hours of labor and wages is not now under consideration.

Professor Tugwell is quite a book agriculturist. He has made a study of agriculture and knows all about the farmers' plight, so he says. He is especially informed on the Russian Gosplan, and if the Communist publications are correct, as early as January 1930 Mr. Tugwell advocated the Bolshevik plan for the United States. We have only to read the reports from Moscow to know how effectively this plan works in Russia at the point of the bayonet.

It might be interesting to know that here is a clipping from the greatest propagandist of Soviet Russia in the world, a writer for the New York Times, Mr. Walter Duranty, who says that after 15 years the agricultural plan in Russia has failed. The heading of this article in the New York Times is "All Russia suffers shortage of food, supplies dwindle, two thirds of the people are not expected to get sufficient allowances in winter; crops far below 1930; livestock reduced more than 50 percent from 5 years ago, with fodder lacking; new plans dropped." These are the agricultural plans that were commended by Mr. Tugwell and probably are the plans now being suggested or copied from Soviet Russia in the pending farm bill. If it is the purpose to reduce production of farm products, as has happened in Soviet

Russia, then this farm bill ought to succeeed at least in that respect, although that was not the intention of the framers of the soviet gosplan in Russia.

Mr. Tugwell is coauthor with Stuart Chase (another Socialist) and Robert Dunn (a Communist) of the book, Soviet Russia in the Second Decade, and this same Stuart Chase (Socialist friend of Tugwell) is the author of the book, A New Deal, in which he says that " in a way it is a pity that the road to revolution is temporarily closed." We find that Professor Tugwell has for years trained with the Socialists of the Nation. He was professor of economics at Columbia University; contributing editor to the socialistic New Republic magazine, more or less a semiofficial organ of the Socialist Party; a member of the advisory board of the people's lobby, a socialistic movement set up by John Dewey, another Socialist professor of Columbia University; and is on the board of directors of Manumit Associates, Inc., a radical enterprise partially supported by the American Fund for Public Service (Garland Fund), the spending of which fund was in the hands of a committee of Socialists and Communists, who doled it out for Socialist and Communist activities. Tugwell has been a member of several committees of the American Civil Liberties Union, an organization specializing in the defense of Communists and radicals of all types. He has written on socialism, having collaborated in Socialist Planning and a Socialist Program, while he wrote Experimental Control of Russian Industry, and Soviet Russia in the Second Decade. He believes there is " no difference between Russians and Americans."

Tugwell has opposed such farm-relief plans as the McNary-Haugen bill, and tariffs which he says lead to " isolated nationalism." With Prof. Mordecai Ezekiel, he is accredited with preparing the newly proposed farm bill, which grants the powers of a dictator. It requires a dictator and the red army to force a similar program down the throats of the peasant farmers of Russia. Perhaps that is why a dictator of agriculture is required here. The control of acreage, of production, of markets, of earnings, of what the farmer may grow, and how much, how he shall spend his money and how much he shall have are only the powers granted a dictator.

The second in line in the " brain trust " appears to be a Prof. Raymond Moley, who also hails from Columbia University. Professor Moley is our new Assistant Secretary of State. Professor Moley has been a lecturer at the Rand School, a socialist-pacifist college which was raided during the World War for slackers. These lectures were regularly attended by extreme radical Socialists, pacifists, and Communists. Moley is a director of the Foreign Language Information Service set up by the American Civil Liberties Union

crowd. Some months ago, following the arrest of a number of Communist agitators in New York City, the American Civil Liberties Union held a protest meeting against alleged " police brutality ", at which the radicals of the American Civil Liberties Union directorate held forth, and Professor Moley was there in prominence. Professor Moley is looked upon as the right arm of the Professor Tugwell group composing the " brain trust."

Prof. Mordecai Ezekiel, the economic advisor to the Secretary of Agriculture, is a real shadow of Professor Tugwell, so far as the Russian farm plan is concerned. He appears to be the Professor Einstein of the administration and carefully elaborates the workings of the " new deal " to Congress by the use of logarithms, letting a hog equal X, the squeal equal Y, and the price equal Z. If it works out " everything will be all right." Professor Ezekiel has visited Russia where he made considerable study of the Gosplan.

A new Assistant to the Secretary of State is a close friend of Professor Moley. He is William Bullitt, who is accredited by Mr. Tumulty with having brought about the physical collapse of that great Democratic President, Woodrow Wilson. He was accused recently by our distinguished Senator ARTHUR ROBINSON of representing " someone " in trading off the American people while in Europe. I am informed that he married a Communist sympathizer; in fact, the wife of my classmate at Harvard, John Reed, the American hero of Communism, and now buried in Moscow near the tomb of Lenin. This is the man who is an Assistant to the Secretary of State.

Bullitt has been a bosom friend of Lincoln Steffens (Communist) for many years, and he spent much time in Russia with the red publicist in close association with Lenin, Tchitcherin, and Litvinoff. While he denied, on returning recently from Europe, that he had been on a mission for anyone in the United States, it is significant that he now sits at the head of the conference table with the other members of the administration in dealing with the European debt and other questions. In Europe he announced that Europe would pay America 10 cents on the dollar, and apparently this is the offer being made by Europe today. The loss to America would be 90 cents on the dollar, which American taxpayers would necessarily have to pay for Europe.

The effects of the Thomas inflation bill and the Tugwell farm bill will automatically cut the purchasing power of the American wage earners, as the cost of necessities will increase, while at the same time their wages are being reduced by shorter hours and a minimum wage as set forth in the Perkins-Black bill. This stifling plan will naturally tend to reduce consumption all along the line, and, while increasing the farmer's selling prices, it reduces his sales, and he is

back where he started, only he will be worse off, because the cost of what he has to buy has also increased.

The embargo on gold exports was undoubtedly a healthy and necessary move by the administration. It had the effect of a tariff, but should the administration follow its announced plan of reducing the American tariff, that act will undo the advantage we have gained by the gold embargo.

How transferring under the inflation legislation the load of the debts of one class to another class will solve the difficulties our people are experiencing I cannot see, for the debts still exist, it does not matter which way they are transferred. The fact is that in all the legislation so far proposed by the "brain trust" the purpose is apparently an attempt to rob Peter to pay Paul. One individual calls it a "shot in the arm", from which we will have a sick headache after it has taken effect.

I find no fault with the manner in which the administration solved our emergency banking situation, except that I feel that those many banks that are still closed should be reorganized immediately and the millions of dollars tied up in them put back to work. This is our greatest handicap today, and it must be straightened out very soon if business is to revive. The administration's proposal for power to lay an arms embargo will not help our domestic problems; it will not reopen these banks; it will not put men back to work; it will not help the farmer and home owner take care of his taxes and mortgage payments, but it is apt to lead to war.

The reforestation plan is a sample of what may be expected from other legislation that is awaiting enactment. It, of course, has taken a number of deserving men off the streets and put them to work on the forests at $30 per month, but if it causes the release of 15,000 of our soldiers and 4,000 officers into the ranks of the unemployed, what purpose has it served? The soldiers in whose camps the foresters are placed for training purposes train these men who receive $30 a month, while they themselves receive only $17.50 a month, and they are now wondering each day if they are to take the place on the street vacated by those they are now training.

It occurs to me that the "brain trust" has miserably failed in its attempt to establish an American "new deal"; that we are getting nowhere, and in fact slipping. Unemployment appears to be on the increase, as the administration skates from one pond to another in its combination of a so-called "economy plan", and a socialized construction plan. We hear control of transportation, control of air, control of mines, control of power, control of labor, control of banks, control of wages, control of hours, control of agriculture, control of distribution, control of production, and con-

trol of Congress itself, through the transfer of its constitutional power to self-imposed dictators.

If one reads the Socialist platform of 1912, it makes one wonder whether the "brain trust" has not substituted it for the Democratic platform, on which latter not they but a majority of the Representatives in Congress were elected by the American people. Socialism and communism were not voted into power; yet these are what the people are having thrust upon them under the Democratic banner. Congress is ignored in the framing of the legislation, and we are asked to swallow it as an experiment after it is prepared.

It is no wonder that Frederick Prince, president of the Chicago Stockyards Co., on his recent return from Europe called upon the Nation to strip itself of meddling professors. "You have only to think back the last 10 years upon the difficulties into which we have been drawn because of the influence of the professors to realize that the sooner we get away from this influence the better we will be", said Mr. Prince. We now have a new crop, and this time they ask for control of our Government. What can we expect the result to be? Are we going to blindly turn over our powers and risk the future of our Government and the welfare of our people by supporting such theorists who, as Mr. Prince truthfully says, are the wrecking squad of the past?

As Bourke Cockran, that great Democratic orator, said back in 1896, "What is the issue? Stripped of all verbal disguise, it is an issue of common honesty; an issue between an honest discharge and a dishonest repudiation of public and private obligations", and that is the same issue today, revived by the "brain trust" and based upon the fantastic dreams of populist agitators. The pretense that men can be enriched by swelling the volume of the currency is a delusion which has affected mankind at recurring intervals since the dawn of civilization. [Applause.] The "brain trust" has raised doubts as to the soundness of our money and has frightened trade from the market places. The basis of sound trade is sound money. It is perfectly clear, however, that the purpose of the "brain trust" is to raise the price of certain commodities, but when you debase the dollar to do it, you cheat and rob the laborer of that which he has earned by the sweat of his brow.

The Populist, Socialist, and inflationist declare that the creditor is a person who oppresses the western and southern farmer. These inflationists invariably describe the creditor as "loud of dress, coarse of feature, gaudy of ornament, with cruel expression on his face, vicious in morals, and hateful in appearance." According to the inflationists, the money lender and the creditor are synonymous expressions. But, as a matter of fact, the creditors of this country are not the bankers; they are not the so-called "capitalists." The

real creditors are the laborers, the American wage earners, and if the creditor is to be cheated by a reduction in the value of the dollar it is and must be at the expense of labor.

The proposal to debase the dollar is an attack on the wage earners and industry in the North and the East. The farm bill proposes to reduce the wages of labor by reducing the purchasing power of labor to obtain foodstuffs and the necessities of life. Paraphrasing the famous remark of William Jennings Bryan, "You shall not place a crown of inflation and reduced purchasing power upon the brow of labor." You shall not rob labor in the East and the North by dividing the American people into hostile and sectional classes by increasing the cost of living and reducing the value of the dollar.

The proposed inflation amendment will prove more injurious to the little man than to the big. I am thinking of the men in the factories, the workshops, and in all lines of American industry. I am not thinking of the millionaire class, as they no longer exist in my district except a few closely associated with the President.

Who are the forgotten men today but 30 millions of consumers in the East and 40 millions of wage earners throughout the country and the distinguished former Secretary of the Treasury, CARTER GLASS, to whom his party owed the enactment of the Federal Reserve Act, the only great and sound financial legislation ever enacted under a Democratic administration.

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